DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

September 28, 2021

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, DC 20515

Dear Madam Speaker:

I am writing to follow up on my previous letters regarding the debt limit and to provide additional information regarding the Department of the Treasury's ability to continue to finance the operations of the U.S. government.

In my September 8 letter, I explained that Treasury's cash and extraordinary measures would most likely be exhausted sometime during the month of October. Based on our most recent information, including tax payments associated with the September 15 deadline for third quarter estimated tax payments for businesses and individuals, I am now able to further refine that projection.

We now estimate that Treasury is likely to exhaust its extraordinary measures if Congress has not acted to raise or suspend the debt limit by October 18. At that point, we expect Treasury would be left with very limited resources that would be depleted quickly. It is uncertain whether we could continue to meet all the nation's commitments after that date. While this is our best estimate, the federal government's cash flows are subject to unavoidable variability. For example, the government's daily gross cash flow (excluding financing) over the past year averages nearly $50 billion per day and has exceeded $300 billion. As a result, it is important to remember that estimates regarding how long our remaining extraordinary measures and cash may last can unpredictably shift forward or backward. This uncertainty underscores the critical importance of not waiting to raise or suspend the debt limit. The full faith and credit of the United States should not be put at risk.

Furthermore, we know from previous debt limit impasses that waiting until the last minute can cause serious harm to business and consumer confidence, raise borrowing costs for taxpayers, and negatively impact the credit rating of the United States for years to come. Failure to act promptly could also result in substantial disruptions to financial markets, as heightened uncertainty can exacerbate volatility and erode investor confidence.

I am also writing to notify you, pursuant to 5 U.S.C. §§ 8348(l)(2), of my determination that, by reason of the statutory debt limit, I will continue to be unable to fully invest the portion of the

Civil Service Retirement and Disability Fund (CSRDF) not immediately required to pay beneficiaries, and that a "debt issuance suspension period," previously determined to end on September 30, 2021, will continue through October 18, 2021. As a result, the Treasury Department will continue to suspend additional investments of amounts credited to, and will redeem an additional portion of the investment held by, the CSRDF, as authorized by law.

In addition, because the Postal Accountability and Enhancement Act of 2006 provides that investments in the Postal Service Retiree Health Benefits Fund (PSRHBF) shall be made in the same manner as investments for the CSRDF, the Treasury Department will also continue to suspend additional investments of amounts credited to, and will redeem an additional portion of the investments held by, the PSRHBF. By law, the CSRDF and PSRHBF will be made whole once the debt limit is increased or suspended. Federal retirees and employees will be unaffected by these actions.

Again, I respectfully urge Congress to protect the full faith and credit of the United States by acting as soon as possible.

Sincerely,

Janet L. Yellen

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Identical letter sent to:

The Honorable Kevin McCarthy, House Republican Leader
The Honorable Charles E. Schumer, Senate Majority Leader
The Honorable Mitch McConnell, Senate Republican Leader

cc: The Honorable Richard E. Neal, Chairman, House Committee on Ways and Means
The Honorable Kevin Brady, Ranking Member, House Committee on Ways and Means
The Honorable Ron Wyden, Chairman, Senate Committee on Finance
The Honorable Mike Crapo, Ranking Member, Senate Committee on Finance